

# **State of Alaska FY2004 Governor's Operating Budget**

## **Department of Revenue Commissioner's Office Component Budget Summary**

## **Component: Commissioner's Office**

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### **Component Mission**

The mission of the Office of the Commissioner is to provide support and policy direction to the divisions in the department.

### **Component Services Provided**

Much of the Commissioner's Office staff time is spent assisting the executive and legislative branches, and the public, with understanding the state's fiscal structure — its revenues and savings, and projections for both — and developing a long-term plan for a stable fiscal future for Alaska. With a thorough understanding of the problems, the executive and legislative branches and the public will be in a better position to make the decisions necessary to preserve a healthy state economy.

The Commissioner's Office also provides policy direction and oversight of the Permanent Fund Dividend program, the state's charitable gaming laws and tax laws, management of state funds and pension funds, and oversight of the child support program.

The commissioner and staff also have devoted substantial time the past two years to organizing the state's research and analysis — and response — to fiscal, tax and financing issues directed to encourage and promote development of Alaska's North Slope natural gas resources.

The commissioner or a designee also serves on the board of directors of the Alaska Permanent Fund Corporation, Alaska State Pension Investment Board, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Student Loan Corporation and State Bond Committee.

### **Component Goals and Strategies**

The two most significant issues facing the commissioner's office over the next year will be:

- To assist in the state's efforts to promote commercialization of the North Slope's enormous natural gas reserves.
- To assist the Office of the Governor and the Legislature in their quest for a long-range fiscal plan for sustainable state revenues to meet the public service needs of a growing population.

In addition to the key long-range policy issues above, the Commissioner's Office also is devoted to the more immediate task of achieving acceptable and consistent levels of quality public services at the child support and dividend divisions. This means providing clear and prompt answers and directions to the public, and whenever and however possible assisting the public in understanding the laws governing the programs so that they do not view either agency as an adversary.

### **Key Component Issues for FY2003 – 2004**

- The commissioner's office will devote a substantial amount of its resources to assisting the Office of the Governor and the Legislature in developing a long-term fiscal plan for the state. This will include research and analysis of revenue issues and proposals, and assisting in presenting that information to the public.
- The commissioner's staff will continue to assist the Child Support Enforcement Division in meeting its goal of providing prompt, courteous and accurate service to the public. Collections are up substantially at the child support division — a record \$95 million in FY2002 — and the backlog in the accounting section is down almost 90% from its level 2½ years ago. The next step will be to improve our customer service work to the high standards the public deserves. This means promptly answering letters, emails and phone calls.

- The commissioner's staff will help direct the Permanent Fund Dividend Division toward implementing an effective audit procedure for random selection of dividend applicants to verify their eligibility information. The dividend program has never had an audit program for verifying the accuracy of random applications, and we believe it is important to adopt such a program to show the public that we have adequate safeguards in place and to deter fraudulent applicants.
- Formal appeals of Permanent Fund dividend denials and child support orders come to the hearing office section of the commissioner's office. Although the hearing decisions are legal documents, often entered into the record on appeal to the courts, it is important to remember that most dividend applicants and many child support participants do not have legal counsel, and the hearing decisions need to answer their questions and explain the applicable laws clearly.

### **Major Component Accomplishments in 2002**

- The Commissioner's Office spent considerable time in FY02 and FY03 assisting in the negotiated regulation process for amending the state's charitable gaming regulations. The committee, comprised of representatives from the charitable gaming community and the Deputy Commissioner for the Tax Division, held meetings statewide in calendar 2002 to negotiate a set of regulatory changes to resolve several problem areas in the industry.
- The Tax Division, working with the commissioner's office, has undertaken a major revision to its twice-yearly state revenue forecast booklets. The expanded format is intended to acknowledge the growing role in Alaska's budget filled by federal funding and investment earnings, and to help educate policy makers and the public on the state's fiscal future.
- Working with the Treasury Division staff, the Commissioner's Office prepared a comprehensive report on the issue of hedging oil revenues as an option to help the state gain certainty in its future oil tax and royalty revenues. The report was distributed to members of the state's financial community and made available to the public and legislators.
- The Commissioner's Office presented to the Legislature in January 2002 a thorough analysis of the benefits, and problems, of state investment in a natural gas pipeline. The report, which was commissioned by the 2001 Legislature, provides a detailed discussion of financing and investment options for the project.
- The formal hearing staff has succeeded in reducing the time it takes to hold a hearing and issue a decision in dividend and child support appeals. We have more work to do in this area, however, and will continue looking for ways to speed up the delivery of appeal answers to the public.

### **Statutory and Regulatory Authority**

AS 04  
AS 09.25.100  
AS 09.50  
AS 10.25.570  
AS 14.25.180  
AS 16.10.265  
AS 16.10.290  
AS.18.26  
AS 18.56  
AS 25.25  
AS 25.27  
AS 34.45  
AS 37.05.200  
AS 37.10  
AS 37.10.050-.087  
AS 37.13  
AS 37.14.011

AS 37.14.110  
AS 37.14.120  
AS 37.14.200  
AS 37.15  
AS 37.17  
AS 38.05.036  
AS 39.35.110  
AS 43  
AS 44.25  
AS 44.82  
AS 44.83.386  
AS 44.85  
AS 45.98.050

**Commissioner's Office**  
**Component Financial Summary**

*All dollars in thousands*

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	768.1	754.3	788.1
72000 Travel	48.3	14.8	14.8
73000 Contractual	514.4	195.6	170.6
74000 Supplies	26.2	17.4	17.4
75000 Equipment	6.2	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,363.2</b>	<b>982.1</b>	<b>990.9</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	343.8	149.2	149.9
1007 Inter-Agency Receipts	568.0	321.8	325.3
1133 Indirect Cost Reimbursement	451.4	511.1	515.7
<b>Funding Totals</b>	<b>1,363.2</b>	<b>982.1</b>	<b>990.9</b>

## Commissioner's Office

## Proposed Changes in Levels of Service for FY2004

No service changes.

**Summary of Component Budget Changes  
From FY2003 Authorized to FY2004 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	<b>149.2</b>	<b>511.1</b>	<b>321.8</b>	<b>982.1</b>
<b>Adjustments which will continue current level of service:</b>				
-Annualize FY2003 COLA Increase for General Government Bargaining Unit	0.0	1.5	1.2	2.7
-\$75 per Month Health Insurance Increase for Non-covered Staff	0.7	3.1	2.3	6.1
<b>FY2004 Governor</b>	<b>149.9</b>	<b>515.7</b>	<b>325.3</b>	<b>990.9</b>

**Commissioner's Office**

**Personal Services Information**

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	10	10	Annual Salaries	611,441
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	190,792
			<i>Less 1.76% Vacancy Factor</i>	(14,133)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>Total Personal Services</b>	<b>788,100</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Commissioner	0	0	1	0	1
Dep Commissioner	0	0	1	0	1
Exec Secretary II	0	0	1	0	1
Law Office Assistant I	1	0	0	0	1
Paralegal I	0	0	1	0	1
Project Asst	1	0	0	0	1
Revenue Hearing Examiner I	1	0	1	0	2
Revenue Hearing Examiner II	0	0	1	0	1
Spec Asst To The Comm II	0	0	1	0	1
<b>Totals</b>	<b>3</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>10</b>